

Figure 1 shows the relationship between the stock price (S) and the portfolio value (C) for a European call option. The x-axis represents the stock price (S) from 75 to 125, and the y-axis represents the Portfolio Value from -100 to 40. The legend indicates four series: C (Call option value), Delta(100)*S (Delta of the call option multiplied by the stock price), Portfolio value (the sum of the call option value and the stock price), and P&L (Profit and Loss). The call option value (C) is zero for S ≤ 100 and increases linearly for S > 100. The Delta(100)*S series is zero for S ≤ 100 and increases linearly for S > 100. The Portfolio value series is a straight line with a slope of 1, starting at (75, -25) and ending at (125, 25). The P&L series is zero for S ≤ 100 and increases linearly for S > 100.

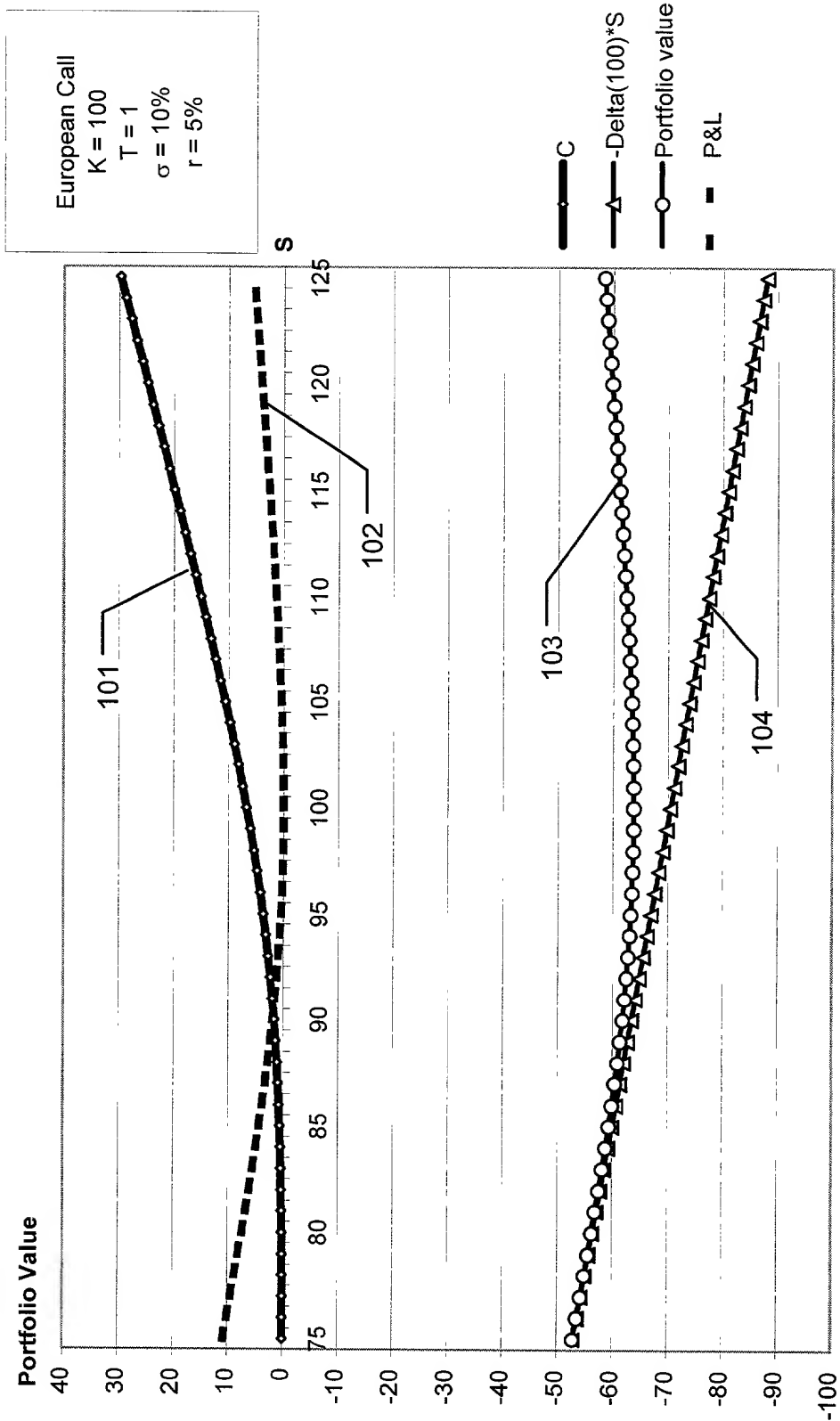


Fig. 1

200

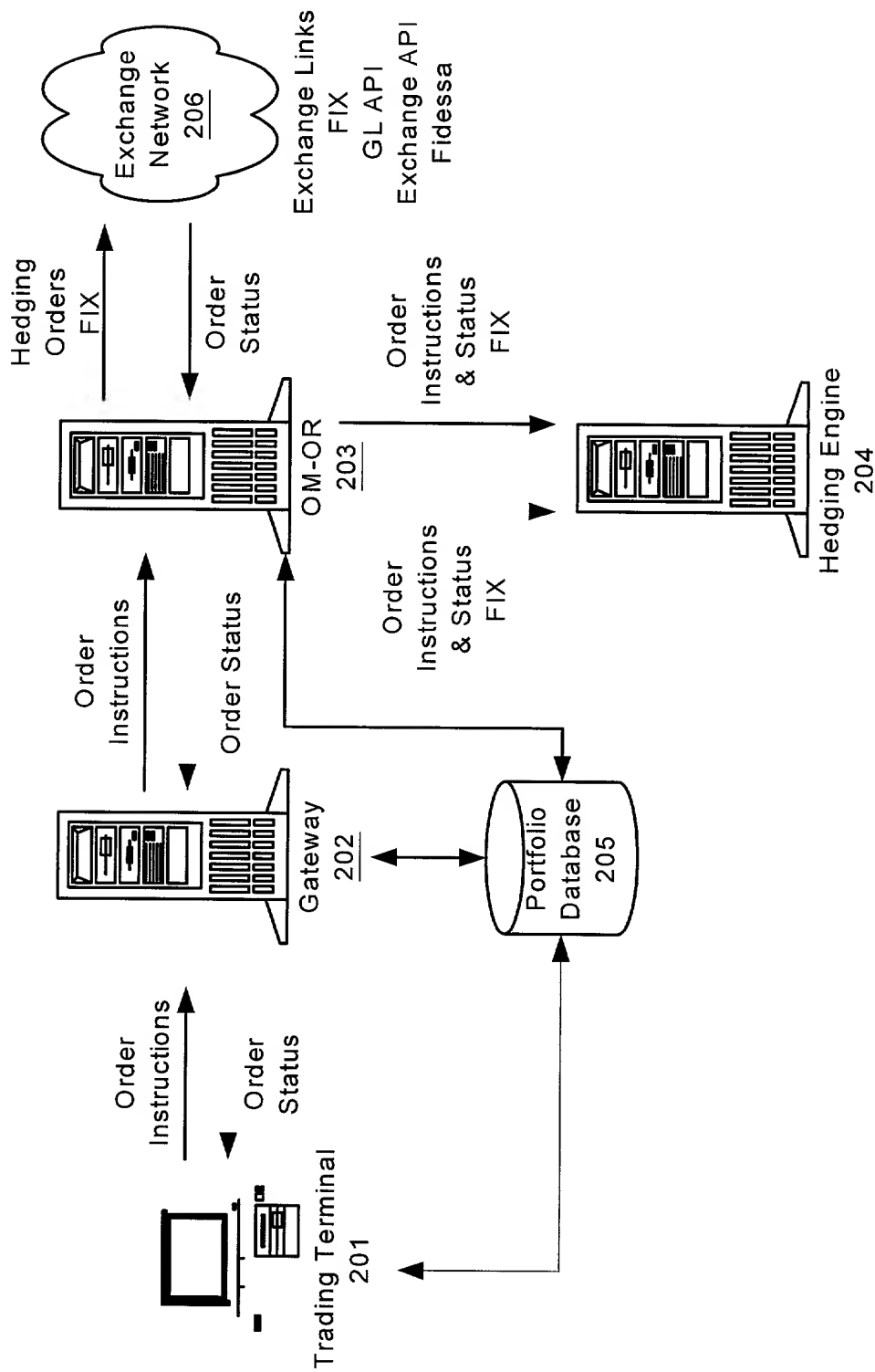


Fig. 2

300

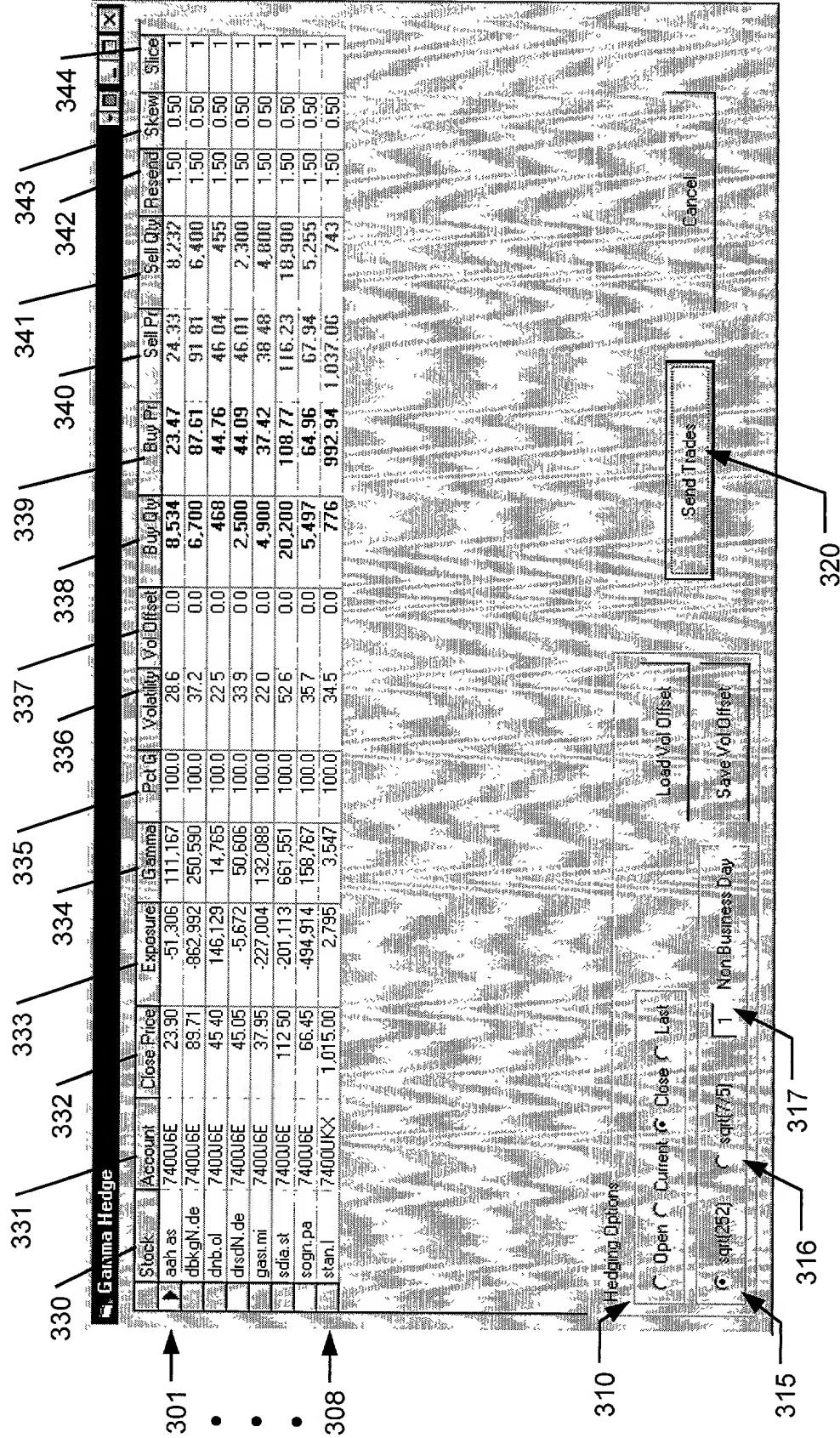


Fig. 3